

**TROY E. TILLERSON**

1           IN THE UNITED STATES DISTRICT COURT  
2           FOR THE MIDDLE DISTRICT OF ALABAMA  
3           EASTERN DIVISION

4       CASE NO. 3:05-cv-985-MEF

COPY

5  
6       TROY E. TILLERSON,

7                   Plaintiff,

8                   V.

9       THE MEGA LIFE AND HEALTH INSURANCE CORPORATION,  
10      a corporation; TRANSAMERICA LIFE INSURANCE  
11      COMPANY, F/K/A PFL LIFE INSURANCE COMPANY, a  
12      corporation; NATIONAL ASSOCIATION FOR THE SELF  
13      EMPLOYED A/K/A NASE, a corporation,

14                   Defendants.

15  
16                   S T I P U L A T I O N S

17           IT IS STIPULATED AND AGREED by and between  
18      the parties, through their respective counsel,  
19      that the deposition of TROY E. TILLERSON may be  
20      taken before STACEY L. JOHNSON, Commissioner, at  
21      the Offices of Hollis & Wright, P.C., 505 North  
22      20th Street, Suite 1750, Birmingham, Alabama, on  
23      the 24th day of April, 2006.

**Exhibit C**

**TROY E. TILLERSON**

1 Q Okay. Where from?

2 A Jeff Davis.

3 Q What year?

4 A '81.

5 Q Did you attend college?

6 A No, sir.

7 Q Since graduating high school, have you  
8 had any other formal type of education, whether  
9 trade school, vocational?

10 A Well, computer training at Coastal in  
11 Montgomery.

12 Q What was the name of the place?  
13 Coastal?

14 A Coastal. And then --

15 Q When did you take the computer  
16 training?

17 A Let's see. '83, '84. Something like  
18 that. Man, that's been so long ago.

19 Q Any other formalized schooling other  
20 than Coastal?

21 A No, sir.

22 Q Can you read and write?

23 A Yes, sir.

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1 that -- that type of stuff would be, you know,  
2 took care of and -- you know, like I said, I --  
3 I'm just talking off what I can remember from  
4 that long ago, so...

5 Q Yes, sir.

6 A You know.

7

8 (Whereupon, Defendants' Exhibit  
9 Number 1 was marked for identification  
10 and copy of same is attached hereto.)

11

12 Q I'm going to show you what I'm marking  
13 as Exhibit 1. It consists of two pages. It  
14 would be Exhibit 1 to your deposition. And this  
15 would be a Certificate Schedule.

16 A (Witness reviews document.)

17 Q Did you -- after you purchased the  
18 policy, did you receive the policy itself? Did  
19 you get a copy of your policy in the mail?

20 A It was sent to my father's house, and  
21 Sue gave it to me, yes.

22 Q Okay. So you -- at some point in 1996,  
23 you will agree that you received the policy?

**TROY E. TILLERSON**

1           A       Yes, sir.

2           Q       So you've had that policy in your  
3 possession to this date; is that right? Unless  
4 you gave it to your attorney?

5           A       Well, I -- I gave it back to Sue. I  
6 don't know if she gave it to Mr. Couch or not.

7           Q       Okay. Do you remember when you -- do  
8 you know when you gave the policy to Sue?

9           A       It was shortly after she gave it to  
10 me. I, you know, just looked through it. I  
11 mean, what little I could understand from, you  
12 know, all that insurance jargon, you know. I  
13 basically just saw that I had it and let her  
14 have it back. She keeps, like I said, most all  
15 the records.

16          Q       When you looked through the policy in  
17 1996 after you received it, did you have any  
18 question or concern about the policy you  
19 purchased?

20          A       At that time, no.

21          Q       If you look at it in what I've marked  
22 as Exhibit 1, it's got a schedule of benefits  
23 payable. Then it's got both in network and out

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1 of network. You come down, and you've got  
2 out-of-pocket maximums. Then you've got  
3 coinsurance and things like that that are  
4 listed.

5 Did you review that whenever you looked  
6 at the policy?

7 A To be honest, I don't remember.

8 Q That's fair. I'm going to show you  
9 what we're going to mark as Exhibit 2 to your  
10 deposition. And this is a part of the policy.

11  
12 (Whereupon, Defendants' Exhibit  
13 Number 2 was marked for identification  
14 and copy of same is attached hereto.)

15  
16 MR. COUCH: So we're clear, Exhibit 1  
17 are pages 8 and 9 that are the bottom of the  
18 page, right-hand corner?

19 MR. LAMPKIN: Yeah. I -- let me  
20 identify. Exhibit 1 consists of Bates labels  
21 TI300011 and 12. Exhibit 2 is TI3000 -- that's  
22 three zeros -- 23, just for the Record.

23 Q And -- and I'll -- Mr. Tillerson, I'll

**TROY E. TILLERSON**

1 represent this is actually a part of the policy  
2 that would have been provided to you. You see  
3 down at the bottom it says Premium Changes?

4 A Uh-huh.

5 Q Tell me if what I read is correct. We  
6 reserve the right to change the table of  
7 premiums on a class basis becoming due under the  
8 group policy at any time and from time to time  
9 provided we have given the group policyholder  
10 written notice of at least 31 days prior to the  
11 effective date of the new rates. Is that what  
12 that says?

13 A Uh-huh. Yes, sir.

14 Q Can you understand that's saying the  
15 company reserves the right to the change  
16 premium?

17 A Yes.

18 Q And if you would have read that back in  
19 1996, you would have known that the company had  
20 the right to change the premiums; right?

21 A Yes.

22 Q You said that Mr. Splawn said you  
23 couldn't be singled out for a rate increase.

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1 (Whereupon, a brief recess was had in  
2 the proceeding.)

3 EXAMINATION

4 BY MR. LAMPKIN:

5 Q Mr. Tillerson, can you tell me -- you did  
6 file claims on your insurance policy; correct?

7 A Yes, sir.

8 Q Okay. And you did have claims that  
9 were paid; right?

10 A Yes, sir.

11 Q The payment of any of those claims is  
12 not at issue in this lawsuit, is it?

13 A No, sir.

14 Q Okay. I just wanted to verify that.

15 I believe you purchased -- your policy  
16 went into effect -- I know it went into effect  
17 in July of 1996. When was the first time you  
18 received notification that your rates would  
19 increase?

20 A I don't remember.

21 Q I'm going to show you what we're going  
22 to mark as Exhibit 3 to your deposition.

23

**TROY E. TILLERSON**

1 (Whereupon, Defendants' Exhibit  
2 Number 3 was marked for identification  
3 and copy of same is attached hereto.)  
4

5 Q And it's two pages. And those are  
6 TI300037 and 39.

7 Mr. Tillerson, these are documents that  
8 your attorney produced to us as being documents  
9 that you had in your possession?

10 A Okay.

11 Q Exhibit 3 is a letter dated December  
12 21, 1998; correct?

13 A Yes, sir.

14 Q Okay. Back in 19 -- December of 1998  
15 was your address 459 Silver Hill Road,  
16 Dadeville, Alabama?

17 A Beg your pardon?

18 Q Is that the correct address for  
19 December of 1998?

20 A Well, that's where Sue got everything  
21 sent because that's -- like I said, she took  
22 care of the paperwork. That's my father's  
23 house. I did not live there. No.



**TROY E. TILLERSON**

1 Q Okay. This is a notification that your  
2 premium was going to increase to three hundred  
3 and ten dollars a month; is that correct?

4 A Yes, sir.

5 Q You see that?

6 A Yes, sir.

7 Q And if you look down in the one, two,  
8 three, fourth paragraph on the first page, tell  
9 me if what I'm reading is correct. Although no  
10 one likes rate increases, the insurance company  
11 must keep pace with the rising costs to be able  
12 to pay future claims. Everyone with coverage  
13 such as yours will experience an increase.  
14 Therefore, your premium will increase to three  
15 hundred and ten dollars on January 26, 1999;  
16 correct?

17 A Uh-huh. Yes, sir.

18 Q After you received this increase, what  
19 did you do -- or this notice that it was -- your  
20 premium was going to increase, what did you do?

21 A I -- what do you mean what did I do? I  
22 paid it.

23 Q Did you call anybody?

**TROY E. TILLERSON**

1           A       Not that I remember.

2           Q       Did you have any discussions with  
3 anybody at PFL Life Insurance Company?

4           A       Not at that time, no.

5           Q       If you look down in the next paragraph,  
6 the fifth paragraph, the second sentence says to  
7 limit the amount of increase or possibly even  
8 lower your premium, you may want to consider  
9 changing your benefit level.

10                   Did you do anything to change your  
11 benefit level at that time?

12           A       No, sir, not that I recall.

13           Q       Are you aware that -- of any evidence  
14 that would contradict the statement in this  
15 letter that everyone with coverage such as yours  
16 will experience an increase?

17                   MR. COUCH: Object to the form. Go  
18 ahead.

19                   THE WITNESS: Do I --

20                   MR. COUCH: No. I put an objection on  
21 the Record.

22           A       Could you repeat the question?

23           Q       Are you aware of any evidence that

**TROY E. TILLERSON**

1 would contradict the statement contained in this  
2 letter that everyone with coverage such as yours  
3 will experience an increase?

4 MR. COUCH: Same objection.

5 A At that time, no. But since all this  
6 is going on, you know, I believe that to  
7 be the case.

8  
9 (Whereupon, Defendants' Exhibit  
10 Number 4 was marked for identification  
11 and copy of same is attached hereto.)

12  
13 Q I'm going to get to there -- that in  
14 just a little bit.

15 I'll show what I'm going to mark  
16 Exhibit 4 to your deposition, which is Bates  
17 labeled TI300041 and 42, and this is a June 21,  
18 1999 letter to you from PFL Life Insurance  
19 Company?

20 A (Witness reviews document.)

21 Q Do you recall seeing this letter  
22 before?

23 A Well, I don't remember it, but I -- you

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1 know, I'm not saying I didn't get it or  
2 anything.

3 Q Whose writing is that on that letter?  
4 There's some handwritten notations.

5 A I would say possibly Sue's writing, Sue  
6 Tinkey.

7 Q Okay. So you believe that would be Sue  
8 Tinkey's writing?

9 A Now, I can't say for sure, but I would  
10 say that's probably it because, like I said, she  
11 handled all the paperwork.

12 Q Does that look like your writing  
13 anywhere on there?

14 A No. That's -- no. That's not my  
15 writing. I know that for a fact.

16 Q And on June 21, 1999, you were advised  
17 that your premiums were going to increase to  
18 three hundred and seventy-five dollars; correct?

19 A Yes, sir, that's what that says.

20 Q And, again, in the fourth paragraph,  
21 the second sentence, everyone with coverage such  
22 as yours will experience an increase.

23 Therefore, your premium will increase to three

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1       seventy-five on July 26, 1999; correct?

2           A       Yes.

3           Q       And we come down to the fifth paragraph  
4       and it says, to limit the amount of increase or  
5       possibly even lower your premium amount, you may  
6       want to consider changing your benefit level;  
7       correct?

8           A       Yes.

9           Q       And you've had that document in your  
10      possession, as well as Exhibit 3, since they  
11      were sent in 1998 and 1999; right?

12          A       Yes.

13          Q       I understand you may have -- Sue may be  
14      handling your paperwork, but --

15          A       Right. Right.

16          Q       -- she was the person --

17          A       Who provided the documents, so she had  
18      them.

19          Q       Okay. And I'm going to show you what  
20      I'm going to mark as Exhibit 5 to your  
21      deposition. We'll make this -- it's two pages.  
22      It's TI300044 and 45. I think I put this  
23      exhibit on the wrong piece of paper.

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1  
2 (Whereupon, Defendants' Exhibit  
3 Number 5 was marked for identification  
4 and copy of same is attached hereto.)  
5

6 Q This is a June 28, 1999 letter to you;  
7 correct?

8 A Yes, sir, it's addressed to me.

9 Q Okay. And it says as -- first  
10 paragraph says, as requested, we've changed your  
11 preferred provider organization plan to Plan D,  
12 effective July 26, 1999; correct?

13 A Yes.

14 Q The enclosed documents reflect the  
15 change. Please keep them with your certificate  
16 for future reference. Then it says, due to this  
17 change, your total monthly premium is now two  
18 hundred and sixty-nine dollars; correct?

19 A Yes.

20 Q And the enclosed document appears to be  
21 an endorsement that says, preferred provider  
22 organization plan option has been changed to  
23 Plan D. All other benefits have been changed

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1 accordingly. The schedule of benefits  
2 reflecting the change is effective July 26,  
3 1999; correct?

4 A Correct.

5 Q And you've had that document in your  
6 possession since sometime in 1999?

7 A Yes, sir.

8 Q I'll show you what I'm going to mark as  
9 Exhibit 6 to your deposition, which consists of  
10 TI300051 and 52.

11

12 (Whereupon, Defendants' Exhibit  
13 Number 6 was marked for identification  
14 and copy of same is attached hereto.)

15

16 A (Witness reviews document.)

17 Q This is a letter dated December 20,  
18 1999 to you?

19 A Yes, sir.

20 Q Okay. And this reflects that your  
21 premium is going to increase to three hundred  
22 and thirty-one dollars; correct?

23 A Yes.

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1           Q     And, again, if we come down to the  
2 fourth paragraph it says, everyone with coverage  
3 such as yours will experience an increase.  
4 Therefore, your premium will increase to three  
5 hundred and thirty-one dollars on January 6,  
6 2000?

7           A     Correct.

8           Q     And, again, the fifth paragraph, to  
9 limit the amount of the increase or possibly  
10 even lower your premium amount, you may want to  
11 consider changing your benefit level; correct?

12          A     Correct.

13          Q     And you've had that document in your  
14 possession since late 1999; correct?

15          A     Yes.

16          Q     I'll show you what I'm going to mark as  
17 Exhibit 7 to your deposition, which consists of  
18 TI300053. And, apparently, we didn't get the  
19 second page on this one. But the first page is  
20 what I need.

21  
22               (Whereupon, Defendants' Exhibit  
23 Number 7 was marked for identification



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1 and copy of same is attached hereto.)

2 MR. COUCH: And by the way, James, are  
3 those Bates stamp numbers from my office or your  
4 office?

5 MR. LAMPKIN: They're from my office.

6 MR. COUCH: Okay, good. Because the  
7 thing I handed you this morning in supplement  
8 didn't have a stamp like that.

9 MR. LAMPKIN: The three tells me  
10 they're from -- who they're from, the three at  
11 the first. Because ours -- the ones we produced  
12 had a zero, so that tells me they're from you.

13 MR. COUCH: Okay. Got you.

14 Q Mr. Tillerson, this is a -- and I'll  
15 tell you what. Let's just attach TI300056 and  
16 57, which is the same letter. We'll just make  
17 that part of Exhibit 3 since it does have both  
18 pages. This is a letter dated June 19, 2000;  
19 correct?

20 A Yes.

21 Q And it's to you; right?

22 A Yes.

23 Q This is advising you that your premium

**TROY E. TILLERSON**

1 is going up to three hundred and fifty-three  
2 dollars; correct?

3 A Yes.

4

5 (Whereupon, a brief interruption was  
6 had in the proceeding.)

7

8 Q If you come down, you see a little  
9 table there. It's got current rate and new  
10 rate; correct?

11 A Correct.

12 Q Then it -- in the sentence below that  
13 it says, your new billing amount will be  
14 increasing to three hundred fifty-three dollars  
15 on July 26, 2000; right?

16 A Yes.

17 Q Is that 7?

18 MR. COUCH: He was asking if that's  
19 Number 7.

20 A Oh, yes, yes, yes.

21 Q And you've had that document in your  
22 possession since sometime in 2000?

23 A Yes, sir.

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1           Q       I'll show you what I'm going to mark as  
2 the next exhibit. This will be Exhibit 8 to  
3 your deposition. It is two pages Bates labeled  
4 TI300059 and 60.

5

6           (Whereupon, Defendants' Exhibit  
7 Number 8 was marked for identification  
8 and copy of same is attached hereto.)

9

10          Q       Is that a letter dated to you December  
11 26, 2000, Mr. Tillerson?

12          A       Yes.

13          Q       And that document letter is advising  
14 you that your premiums are going to go up to  
15 three hundred and sixty-seven dollars a month;  
16 correct?

17          A       Yes.

18          Q       And, again, if we come down to the  
19 fourth paragraph it says, everyone with coverage  
20 such as yours will experience an increase.  
21 Therefore, your premiums will increase to three  
22 hundred and sixty-seven dollars on June 26,  
23 2000?

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1           A       Yes.

2           Q       2001. I'm sorry. Correct?

3           A       Correct.

4           Q       And you've had that document in your  
5 possession since late December 2000?

6           A       Yes.

7           Q       I'll show you the next exhibit, which  
8 is TI300062, and we're going to mark it as  
9 Exhibit 9.

10

11           (Whereupon, Defendants' Exhibit  
12 Number 9 was marked for identification  
13 and copy of same is attached hereto.)

14

15           Q       Is that a letter to you dated June 25,  
16 2001?

17           A       Yes.

18           Q       And that letter is advising you your  
19 premiums are going to increase to three hundred  
20 and seventy-eight dollars a month?

21           A       Yes, sir.

22           Q       And, again, the fourth paragraph of the  
23 letter says, everyone with coverage such as

**TROY E. TILLERSON**

1 yours will experience an increase. Therefore,  
2 your premium will increase to three hundred and  
3 seventy-eight dollars on July 26, 2001; correct?

4 A Yes.

5 MR. LAMPKIN: Again, let's just go on  
6 and make TI300065 and 66 part of Exhibit 9.  
7 It's the same letter. I just didn't have the  
8 back page with that first one. Will you check  
9 it and see?

10 MR. COUCH: I trust you.

11 Q Mr. Tillerson, I'm going to show you  
12 the next exhibit, which is -- on the wrong page  
13 again. It's going to be Exhibit 10 to your  
14 deposition, which consists of documents Bates  
15 labeled 30069 (sic) through 70.

16  
17 (Whereupon, Defendants' Exhibit  
18 Number 10 was marked for identification  
19 and copy of same is attached hereto.)

20  
21 A (Witness reviews document.)

22 Q Is that a letter to you dated December  
23 24, 2001?

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1           A       Yes, sir.

2           Q       And that letter is advising you your  
3 premiums are going to increase to four hundred  
4 and nine dollars; correct?

5           A       Correct.

6           Q       And, again, the fourth paragraph says,  
7 everyone with coverage such as yours will  
8 experience an increase. Therefore, your premium  
9 will increase to four hundred and nine dollars  
10 on January 26, 2002?

11          A       Correct.

12          Q       And you've had that document in your  
13 possession since late 2001 or early 2002?

14          A       Yes, sir.

15

16               (Whereupon, Defendants' Exhibit  
17 Number 11 was marked for identification  
18 and copy of same is attached hereto.)

19

20          Q       Let me show you Exhibit 11 to your  
21 deposition, which are documents Bates labeled  
22 TI300073 through 74. No. Just 73. I'm sorry.  
23 I don't have the other page.

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1           A       (Witness reviews document.)

2           Q       Is that a letter dated to you -- to you  
3       dated June 24, 2002?

4           A       Yes, sir.

5           Q       And that's advising you the premium is  
6       going to increase to four hundred and  
7       fifty-eight dollars; is that correct?

8           A       Yes, sir.

9           Q       You see where it says -- the  
10       handwriting on that above the exhibit label? Do  
11       you know whose handwriting that is?

12          A       I would have to assume it was Sue's. I  
13       do not know. It's not mine.

14          Q       And it says fee schedule; right?

15          A       I believe so.

16          Q       That's what it appears to be to me.

17          A       Right.

18          Q       Okay. If we come down to the fourth  
19       paragraph again -- the fourth paragraph of  
20       Exhibit 11 it says, everyone with coverage such  
21       as yours will experience an increase.  
22       Therefore, your premium will increase to four  
23       hundred and fifty-eight dollars on July 26,

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1 2002; correct?

2 A Correct.

3

4 (Whereupon, Defendants' Exhibit  
5 Number 12 was marked for identification  
6 and copy of same is attached hereto.)

7

8 Q Okay. I'll show you what I'm going to  
9 mark as Exhibit 12 to your deposition, which  
10 consists of the pages right in front me,  
11 TI300078 through 79.

12 A (Witness reviews document.)

13 Q Is that a letter to you dated December  
14 26, 2002?

15 A Yes, sir.

16 Q And that letter is advising you that  
17 your premiums will increase to four hundred and  
18 eighty dollars; is that correct?

19 A Yes, sir.

20 Q And, again, the fourth paragraph says,  
21 everyone with coverage such as yours will  
22 experience an increase. Therefore, your premium  
23 will increase to four hundred and eighty dollars



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1 on January 26, 2003; correct?

2 A Correct.

3 Q Last one. I'll show you two documents  
4 Bates labeled TI300087 through 88.

5  
6 (Whereupon, Defendants' Exhibit  
7 Number 13 was marked for identification  
8 and copy of same is attached hereto.)

9  
10 Q Is that a letter to you dated June 26,  
11 2003?

12 A Yes, sir.

13 Q And this one is advising you that your  
14 premiums will increase to five hundred and  
15 thirty-one dollars; correct?

16 A Yes, sir.

17 Q Again, the fourth paragraph says,  
18 everyone with coverage such as yours will  
19 experience an increase. Therefore, your billing  
20 amount will increase to five hundred and  
21 thirty-one dollars on June 26, 2003 ;correct?

22 A Yes.

23 Q Mr. Tillerson, you've -- according to

**TROY E. TILLERSON**

1 these records, it appears that you had your  
2 first rate increase on -- in December of 1998.  
3 Does that sound correct?

4 A Yes, sir.

5 Q Do you recall a rate increase before  
6 then?

7 A No, I don't recall it.

8 Q Okay. And since then, your premiums --  
9 other than when you changed to Plan D in July of  
10 1999, your premiums have increased; correct?

11 A Correct.

12 Q And that's -- they've gone from three  
13 hundred and ten dollars a month, dropped down to  
14 two hundred and sixty-nine dollars a month in  
15 July 1999 when you changed plans; correct?

16 A Correct.

17 Q And then they started going up. And  
18 through July 26 of 2003, they have increased  
19 from two hundred and sixty-nine dollars a month  
20 to five hundred and thirty-one dollars a month;  
21 correct?

22 A Correct.

23 Q And you were aware of those premium

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1 increases; correct?

2 A Correct.

3 Q And you had been paying those premium  
4 increases that whole time; correct?

5 A Yes. True.

6 Q What evidence do you have that you were  
7 singled out for any of those increases?

8 MR. COUCH: Object to the form.

9 A Like I said, I didn't know anything  
10 about it until I talked to Mr. Couch here about  
11 what was going on. I mean, the letter said that  
12 everybody was getting an increase, so I thought  
13 that's what was going on.

14 Q What evidence do you have that would  
15 show that everyone wasn't getting an increase?

16 MR. COUCH: Same objection.

17 A Like I said, I -- my lawyer, Mr. Couch,  
18 he's -- he informed me of everything and that  
19 would be something you'd have to get from him, I  
20 guess.

21 Q You started -- I think we went over  
22 with your hyperthyroid. That was seven or eight  
23 years ago, correct, that you were diagnosed?

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1 increase due to your medical conditions?

2 A Could you explain that a little  
3 better?

4 Q Sure. Are you aware any facts that you  
5 would say would prove that you received a rate  
6 increase due to your claim history and your  
7 medical condition?

8 A I'm not aware of any facts to that  
9 other than what I was explained by Mr. Couch,  
10 so, no.

11 Q Okay. You are aware that since 1998,  
12 other than whenever you dropped your change in  
13 coverage down to a Plan D -- or to Plan D, that  
14 your premium increases have gone up every six  
15 months?

16 A Yes.

17 Q Your premiums have gone up every six  
18 months?

19 A Correct.

20 Q And you've known that -- you knew that  
21 each time you got a premium increase; right?

22 A Yes.

23 Q Tell me how you suffered any damage as

Pre-Existing Conditions are any Sickness or Injury not specifically excluded by name or description for which medical advice, consultation or treatment was recommended or received from a physician within the one year period prior to the effective date of coverage; or symptoms existed which would cause an ordinarily prudent person to seek diagnosis, care or treatment within the one year period before the effective date of coverage.

#### Rehabilitative Services

We will not provide benefits for any service or supply provided to an Insured Person as an outpatient at a Hospital or other facility where the admission or treatment is primarily to provide Rehabilitation Services. Rehabilitation Services include physical, occupational, and speech therapy. Coverage for these services may be added by a rider.

### EFFECTIVE DATE OF COVERAGE

#### Beginning of Coverage

We require evidence of insurability before coverage is provided. Once We have approved Your Enrollment Application based upon the information You provided therein, coverage for You and those dependents listed in the Enrollment Application and accepted by Us will begin on the Certificate Date shown in the Certificate Schedule.

#### Newborn Children

If You have one or more Eligible Dependents covered under the Group Policy, Your newborn children will be provided coverage after the Certificate Date from the moment of birth for 31 days. To continue coverage beyond 31 days, You must send written notice directing Us to add the newborn child. This notice must be received by Us within 31 days of the newborn child's birth and must be accompanied by any required additional premium.

If no Eligible Dependents are covered under this plan at the time a child is born to the Insured, such newborn child will not be a Covered Dependent from the time of birth. Such child may only be added in accordance with the "Additional Dependents" provision below.

#### Additional Dependents

You may add Eligible Dependents by providing evidence of eligibility and insurability satisfactory to Us and upon payment of any additional premium, if required.

The acceptance of a new Eligible Dependent will be shown by endorsement and the date of the endorsement will be the effective date of coverage for the new Eligible Dependent.

### PREMIUMS

#### Due Date

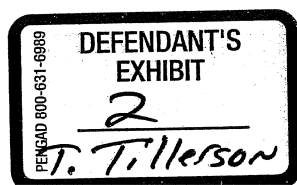
Premiums are payable to Us at Our office at North Richland Hills, Texas. The premium is payable monthly, quarterly, semi-annually or annually. Payment of any premium will not maintain coverage in force beyond the next premium due date, except as provided by the Grace Period. Any indebtedness of the Insured Person to Us arising out of prior claims may be deducted in any settlement under the Group Policy.

#### Grace Period

A grace period of 31 days, measured from the premium due date, will be allowed for payment of all premiums due, other than the first. During this time, the coverage will remain in force, unless We receive written notice that the coverage is to be terminated.

#### Premium Changes

We reserve the right to change the table of premiums, on a class basis, becoming due under the Group Policy at any time and from time to time; provided, We have given the Group Policyholder written notice of at least 31 days prior to the effective date of the new rates.



DUPLICATE

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